Application No.: 09/740,930 Docket No.: 21736-00011-US

REMARKS

This amendment is submitted in response to the Office Action of February 2, 2004. An accompanying request for a three-month extension of time makes this response timely. The Office Action referred to claims 1-32, although of these, only claims 1-26 were acted in view of applicant's election. Claims 1-26 were rejected.

Claims 1-3, 5-6, 9-10 were rejected based on a combination of Fisher, Fujisaki and Walker.

Claims 4, and 7-8 were rejected as obvious over a combination of Fisher, Fujisaki, Walker and the Fritts Publication.

Claims 11-26 were rejected as obvious over combination of Fisher, Fujisaki, Walker and the Fritts Publication.

Claims 22-26 were rejected under 35 USC 101.

In response to the Action, applicant has amended claims 18 and 21, cancelled claims 22-26 and added new claims 33-50. Claims 18 and 21 were not amended to avoid the prior art. After the amendment, this application includes independent claims 1, 11, 18, 33 and 43 (aside from the non-elected claims).

Before turning to the merits of the rejections, we review the requirements of the law. Section 2111 of the MPEP makes it clear that during prosecution the claims will be given the broadest reasonable interpretation. However, that interpretation must take into account every word of the claim, In re Sabatino, 480 F.2d 911, 913, 178 USPQ 357, 358 (CCPA 1973) ("Claim limitations defining the subject matter of the invention are never disregarded.")

In considering rejections under § 103 it is also clear that:

Pursuant to Section 706.02(j) of the MPEP, three criteria must be met in order to establish a *prima facie* case of obviousness. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. **Third, the prior art reference or references must teach or suggest all the claimed limitations.** The teachings or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure.

When two or more references are combined, there must be some discernable suggestion or motivation in the prior art to combine the references. More specifically, the suggestion or motivation to combine teachings can come from the references themselves, the nature of the problem being solved, or the knowledge of persons skilled in the art. See *In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457 (Fed. Cir. 1998).

Claims 1-3, 5-6 and 9-10 were rejected as obvious over a combination of Fisher, Fujisaki and Walker. The Statement of the Rejection acknowledges that Fisher does not perform the step of "determining at the computer, based on the bids of step b, whether the auction should continue." Rather, the Statement of the Rejection relies on Fujisaki which allegedly describes a "decision means responsive to the bid information received from the user systems for determining whether an auction should continue or terminate, the decision means including means to initiate the generation of a non-final message for at least one user system in response to a determination to continue an auction." The Statement of the Rejection relies on the text at col. 7, lines 24-27, 53-51 and col. 10, lines 32-59 and col. 13, lines 21-27 as evidence of the Fujisaki teachings. The Statement of the Rejection goes on to admit that the combination of Fisher and Fujisaki does not teach "assigning a complementary second object to a successful bidder for a first object, based on the bids for the first objects." The Statement of the Rejection continues that systems for awarding or assigning a complementary second object to a successful purchaser of the first object based on the bids for the first objects are well-known. To back up that

allegation, the Statement of the Rejection relies on Walker at col. 13, lines 50-65 and col. 7, lines 55-67.

Based on the foregoing, the conclusion is reached that it would have been obvious to incorporate the teachings of Walker into the combination of Fisher and Fujisaki. The rejection is flawed for at least two reasons. In the first place, even if the combination were justified, the combined references fail to teach or suggest significant portions of the claimed subject matter as will be described below. Secondly, there is no basis for the combination. Fujisaki and Fisher relate to different types of auctions –because the auctions are different it is not possible to combine these distinctive auctions. Moreover, Walker does not describe an auction at all. Walker describes retailing procedures. There is no apparent connection between the suggestions Walker makes to retailers and the features of the different auctions of Fujisaki and Fisher.

Turning first to Fujisaki, Fujisaki does not describe a "decision means" which has the function of "determining whether an auction should continue or terminate, " Applicant has reviewed with care the portions of the Fujisaki specification cited in the Statement of the Rejection but has found nothing therein which would suggest that there is any description in the patent of any apparatus or function corresponding to "determining at the computer, based on the bids of step b, whether the auction should continue." Rather, the specification describes (col. 10, beginning at line 20):

> In a bidding operation, the price is bid up at predetermined increments by the POS bid-up signals from the POS switches 54 (Fig. 3) of the dealer terminals 50. The program proceeds to sell-off processing when a seller issues a sell-off signal or when a sell-off price registered in advance by a seller is reached.

In other words, the auction described in the Fujisaki patent terminates when either:

1. An individual (not a computer) determines that the auction should terminate (when a seller issues a sell-off signal), or
2. Or when the bidding reaches a "sell-off price registered in advance by a seller."

This is not "determining at the computer, based on the bids of step b, whether the auction should continue."

Accordingly, applicant submits that the combination of Fisher and Fujisaki fails to reach the subject matter of claim 1. The Statement of the Rejection acknowledges that the combination of Fisher and Fujisaki does not teach "assigning a complementary second object to a successful bidder for a first object, based on the bids for the first objects." Rather, the Statement of the Rejection alleges that awarding or assigning a complementary second object for a successful purchaser of the first object and based on purchase conditions of the first object is described in the Walker patent at col. 13, lines 50-65 and col. 7, lines 55-67. This portion of the Statement of the Rejection is flawed on two grounds. In the first place Walker does not describe the subject of the Statement and even if it did it would not be relevant to the rejection since the claim relates to the outcome of an auction and Walker does not.

Whereas, the Fisher and Fujisaki patents at least deal with auctions, the Walker patent has nothing to do with an auction. In the cited portion of the specification, Walker does not describe assigning a complementary second object to a successful bidder for a first object based on the bids for the first objects – rather, the cited portion of the Walker patent describes offering (not assigning) a product to a customer who has purchased another product. The customer has purchased the "other product" in a retail transaction, not at an auction, and the product is offered, not assigned.

As noted above, an obviousness rejection requires a description of all the claimed subject matter in at least one or another of the references. Applicant has demonstrated that there is substantial subject matter in the rejected claims which are not found in any reference. In view of the foregoing, reconsideration and withdrawal of the rejection is solicited.

Claims 4 and 7-8 were rejected on a combination of the three patents taken together with the Fritts Publication. Fritts is cited for "informing users of complementary auctions and a relation of the first and second objects or licenses."

Fritts was added to the combination in connection with the subject matter of claim 4 which specifies that "first objects are spectrum licenses for communication spectrum and second objects are related clearing rights for television transmission in the same or adjacent spectrum." What Fritts describes is the fact that different licenses may be complementary to each other, such as licenses in contiguous areas. Fritts also describes the FCC experimentation with "combinatorial bidding." However, Fritts' description of complementary licenses and the mention of "combinatorial bidding" is not related to the subject matter of claim 4 which specifies that the first objects are spectrum licenses for communication spectrum and the second objects are "clearing rights" which may be related to the first objects.

Applicant submits that claim 4 is patentable for all of the reasons given with respect to claims 1-3, 5-6 and 9-10, as well for the additional reason that none of the references describe the subject matter actually recited in claim 4.

The combination (including Fritts) was also relied on in the rejection of claims 7-8. Claim 7 specifies that in addition to the auction described in claim 1, there is a "preparatory" and "related auction" for "selecting a relation between a price of a first object and a price of a complementary second object." The Statement of the Rejection alleges that Fritts describes "complementary auctions." Applicant disagrees. Fritts describes "complementary licenses." In the auctions described by Fritts the licenses are auctioned in a single auction. There is no description in Fritts of a "preparatory" and "related auction" as is the subject matter of claims 7-8. Applicant submits that claims 7-8 are patentable for all of the reasons given with respect to claims 1-3, 5-6, 9-10 because none of the four references describe or teach the subject matter actually recited in claims 7 (or claim 8). In view of the fact that regardless of whether the references are taken as a trio of references or a quartet, Applicant has demonstrated that there is significant subject matter recited even in the parent claim 1 which is missing from these references. In view of the foregoing, reconsideration and withdrawal of this rejection is solicited.

Claims 11-26 were rejected under 35 USC 103 as unpatentable over the same quartet of references. Applicant has cancelled claims 22-26 and, therefore, will not discuss the manner in which those claims distinguish from the rejection.

The rejected claims include independent claims 11 and 18. Claim 11 is more specific than claim 1 in that rather than reciting an auction of a set of first objects and one or more complementary second objects, claim 11 is directed at an auction "of a set of licenses for communications spectrum and one or more complementary second objects, each second object comprising clearing rights related to a license."

Claim 11, like claim 1, calls for determining at a computer whether to continue the auction or not. However, unlike claim 1, claim 11 is more specific in that it specifies that the determining is "based on whether at least one new bid of step b exceeded a minimum acceptable bid." Claim 11 is also more specific than claim 1 in the assigning step by specifying that the assigning of a "related clearing right" is "at a price related to a bid in force at the time the auction is terminated."

In connection with the specificity of the determining step (based on whether at least one new bid of step b exceeded a minimum acceptable bid) and the specification of the price at which the clearing right is assigned, the Statement of the Rejection is completely silent. In other words, there is not even an allegation that this subject matter is found in any of the four references. Applicant has reviewed the four references and submits that this subject matter is not found in the references.

Applicant submits that claim 11 and the claims dependent thereon are patentable at least for the reason that there is significant subject matter which is not treated in any of the references or in the Statement of the Rejection. This includes the greater specification of the determining step and the assigning step, as well as the fact that none of the references teach even the broader determining step for the reasons discussed in connection with the rejection of claim 1. Furthermore, none of the references teach assigning a complementary second object as recited in claim 1, much less the more specific assigning of claim 11, which specifies a price.

For all of these reasons, applicant submits that claim 11 patentably defines over the four references. Applicant notes that the Statement of the Rejection does not reach much of the subject matter on which this argument is based.

Claims 18-21 were rejected on the same quartet of references. The Statement of the Rejection substantially mirrors the Statement of the Rejections of claims 1 and 4. Claim 18, however, is more specific than those claims. In particular, the bidding step, step b, is similar to the recitation of claim 1, e.g., bids are input for the first objects. However, claim 18 also calls for inputting bids for the second objects. Neither of the auction references (Fujisaki or Fisher) describe an auction for a set of first objects and a set of second objects where bidders bid on both the first objects and the second objects. However, that is plainly what claim 18 is directed at. Not only do the references fail to anticipate this subject matter, but the Statement of the Rejection also fails to mention the subject matter.

Applicant has described how the determining step of claims 1 and 11 distinguish from the combination of art. However, claim 18 is more specific by indicating that the determining step is based on the bids of both steps b and c, e.g., bids for both the first and second objects. Inasmuch as the references do not describe bids for the first and second objects, they likewise fail to describe that any determining is based on the bids for both the first and second objects. In addition to the fact that, as Applicant has demonstrated, the references do not reach auctions which are terminated when determined by a computer based on the bids. In view of all the foregoing, Applicant submits that claims 18-21 clearly and patentably define over the combination of art.

Of the new claims (33-50), claims 33 and 43 are independent. Claim 43 is a system claim directed along the lines of the subject matter of claims 1, 11 and 18. Applicant submits that claim 43 and the claims dependent thereon patentably define over the cited art for reasons substantially similar to those provided for claim 18.

Claim 33 and the claims dependent thereon are directed at a method for using a computer to facilitate an auction of clearing rights. The method includes steps of "receiving a plurality of clearing agreements...," "manipulating the clearing agreements to create a plurality of separate clearing rights..." and "storing the results of step b so that clearing rights and the associated clearing agreements can be correlated." Inasmuch as none of the cited references even discusses the subject of clearing rights, it is apparent that they do not describe or render obvious a method for using a computer to facilitate an auction of clearing rights. Applicant submits that claim 33 and its dependent claims are patentable at least for the foregoing reasons.

In view of the foregoing, reconsideration and allowance of this application, including claims 1-21 and 33-50 is solicited.

The Commissioner is authorized to charge our Deposit Account No. 22-0185 for any fees due, under Order No. 21736-00011-US from which the undersigned is authorized to draw.

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Respectfully submitted,

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